



Peel-Elder Limited

Directors

P. C. Finlay, Q.C.
Toronto, Ontario
A. H. Honsberger, B.Sc.
Brampton, Ontario
S. L. Jaske
Toronto, Ontario
Charles F. Watson
Brampton, Ontario
K. A. Roberts, M.D.
Pickering, Ontario

Officers

K. A. Roberts, M.D.
Chairman of the Board
Charles F. Watson
President and Managing Director
A. H. Honsberger, B.Sc.
Vice-President
P. C. Finlay, Q.C.
Secretary-Treasurer
Donovan R. Lytle, C.A.
Comptroller
C. Donald Brooks, P.Eng.
*Assistant Vice-President,
Land Development*
Melvin Kurtz
*Assistant Vice-President,
High Rise construction*
Roy S. Clark
Director of Marketing

General Counsel and Solicitors

Holden, Murdoch, Walton, Finlay
& Robinson
2400 Bank of Nova Scotia
Building, Toronto, Ontario

Auditors

Dunwoody and Company,
Chartered Accountants
25 Adelaide Street West,
Toronto, Ontario

Share Capital

Common Shares listed for
trading on the following
Stock Exchanges:
Toronto Stock Exchange
Canadian Stock Exchange
American Stock Exchange
Pacific Coast Stock Exchange

Transfer Agents

The Canada Trust Company
110 Yonge Street,
Toronto, Ontario, Canada
Registrar and Transfer Company
51 Exchange Place,
Jersey City 2, N.J., U.S.A.

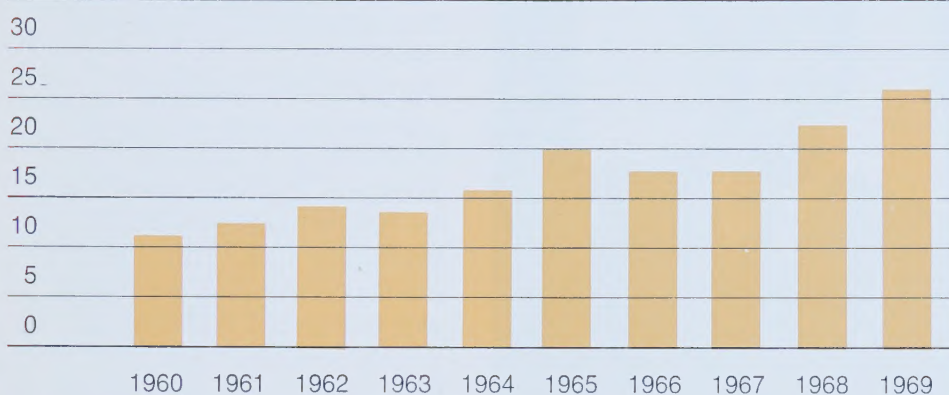
Head Office

2400 Bank of Nova Scotia Building,
Toronto, Ontario, Canada

Financial highlights

Total Assets

\$ Millions



	1969	1968
Total Assets	\$25,934,513	\$23,479,216
Cash income from operations	\$1,564,851	\$1,232,850
Per share	\$1.44	\$1.42
Net profit before Corporation Income Taxes	\$1,970,582	\$1,338,858
Per share	\$1.81	\$1.55
Net Profit before Deferred Corporation Income Taxes	\$1,342,582	\$1,046,504
Per share	\$1.23	\$1.21
Net Profit after Deferred Corporation Income Taxes	\$939,582	\$786,504
Per share	86¢	91¢
Average number of shares outstanding	1,087,708	865,833
House and land sales	\$3,337,038	\$2,460,492
Rental revenue	\$2,582,034	\$1,881,310
Repayment of Mortgages	\$175,601	\$1,270,478

Peel-Elder Limited

President's report



K. A. Roberts, M.D.



Charles F. Watson

Your company is pleased to report a sharp rise in profits for the year ended 31 December 1969.

Net profit after deferred corporation taxes increased almost 20% to \$939,582 from \$786,504. Earnings per share for 1969 amounted to 86¢ for an average of 1,087,708 common shares outstanding compared with 91¢ on 865,833 average shares outstanding in 1968.

Peel-Elder's pre-tax incomes showed an even more dramatic increase, advancing almost 50% to \$1,970,582 from \$1,338,858 in 1968. The additional number of average common shares outstanding in 1969 is the result of a 3-for-2 stock split declared by the company last year. The deferred corporation taxes have no bearing on Peel-Elder's current taxes, all of which are accounted for in the company's 1969 statement. The 1969 deferred taxes total \$403,000 of which \$327,000 will not be payable until after 1984.

Peel Village Brampton, a total community of residential, industrial and commercial properties is housing more than 12,000 persons. Your company is now completing and selling the final single family homes in Phase Four. We are building 33 condominium Town houses for immediate sale. In addition, plans have been completed and a building permit obtained to construct 320 apartment rental units in the same area. The ardent

demand for housing in our development continues unabated. Our latest apartment building in Brampton is now fully rented even before final completion.

We have instituted an aggressive program for the sale and development of our industrial property which will provide a continuing source of revenue for the immediate future.

In May 1969 we opened a large regional Shoppers' World in Peel Village, Brampton. It met with immediate success and prompted management to build an additional 20 stores which will be opened in June of this year. More than 100 retail stores will finally comprise this shopping complex.

Peel Village Highlands is another planned total community integrating residential, industrial and commercial properties. When completed it will attract more than 30,000 people to Kitchener-Guelph-Preston triangle of southern Ontario, one of the fastest-growing areas in Canada. A formal request has been made to the town of Preston to prepare an agreement which will allow your company to begin development and construction.

Forest Hills condominiums are now under construction. This project comprises 17 high-rise buildings with some 2,600 luxury suites located in an exclusive residential area in northwest

Toronto. To accelerate sales revenue of condominiums, the company has embarked on a unique merchandising program. A specially designed sales pavilion is being constructed which provides prospective purchasers an opportunity to view exact duplicates of suites available in the first two towers under construction.

Graydon Hall Manor is now renting its 888 suites in three towers. This ultra-modern project is situated in an exclusive residential neighbourhood in northeast Toronto. To attract tenants and maintain a high rate of occupancy, we have opened a tenants' recreation club which provides indoor swimming, squash, tennis, gymnasium, sauna and outdoor play facilities.

Shoppers' World Danforth, the company's large regional shopping centre in downtown Toronto, will be expanded to include another 30 stores because of lessee demand. Your company now provides tenants of its regional shopping centres merchandising and sales promotion services at nominal cost. Such aid has been instrumental in building customer traffic and profitability for tenants.

Shoppers' Cinemas Limited is a joint venture with one of Canada's leading motion picture exhibitors to operate a theatre in our shopping centre at Brampton. The pilot operation has proved highly successful and the company plans to open other theatres.

Recent articles in the Financial Post of Canada and other press media have reported new interest in off-shore oil exploration in Nova Scotia. Your company holds a 51% interest with an option to acquire 24% from New Senator Rouyn Limited in a large tract of land in the Province. In 1966 diamond drilling indicated a widespread occurrence of free sulphur in an anhydride rock formation to depths of 1,000 feet over a wide area. Further drillings made by your company in 1968 and 1969 indicated a major salt mass or dome in the area. Peel Elder is presently negotiating with the Province of Nova Scotia to retain our interest in this property.

During the past ten years of growth, your company has developed most rigid financial controls covering estimates, costs, purchasing, payments and construction schedules to insure that each project comes in on time with a maximum profitability factor. During this decade we have also built a management team, both executive and key employee, in depth to enable your company to widen its scope of corporate growth and development.

CHARLES F. WATSON
President and Managing Director

Shopping Centres

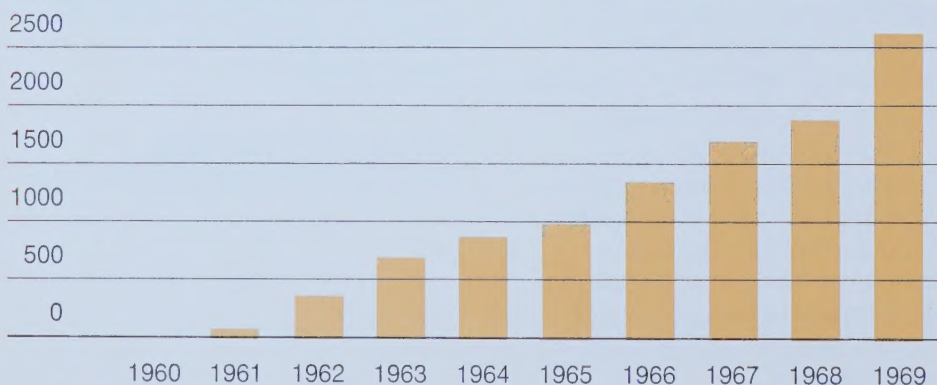
A steadily expanding chain of regional shopping centres under the SHOPPERS' WORLD banner has nearly 200 merchants. This division of Peel-Elder operations provides a great degree of stability and growth. Participatory percentages allow a share in the

business operations of all types of merchants from department stores to barbers. Solid triple A chains and aggressive well financed independants form the base of one of Peel-Elder's fastest growing and most profitable commercial divisions.

Aerial view of the nearly 400,000 sq. ft. Shoppers' World Centre in Brampton just ten minutes from the Toronto International Airport.

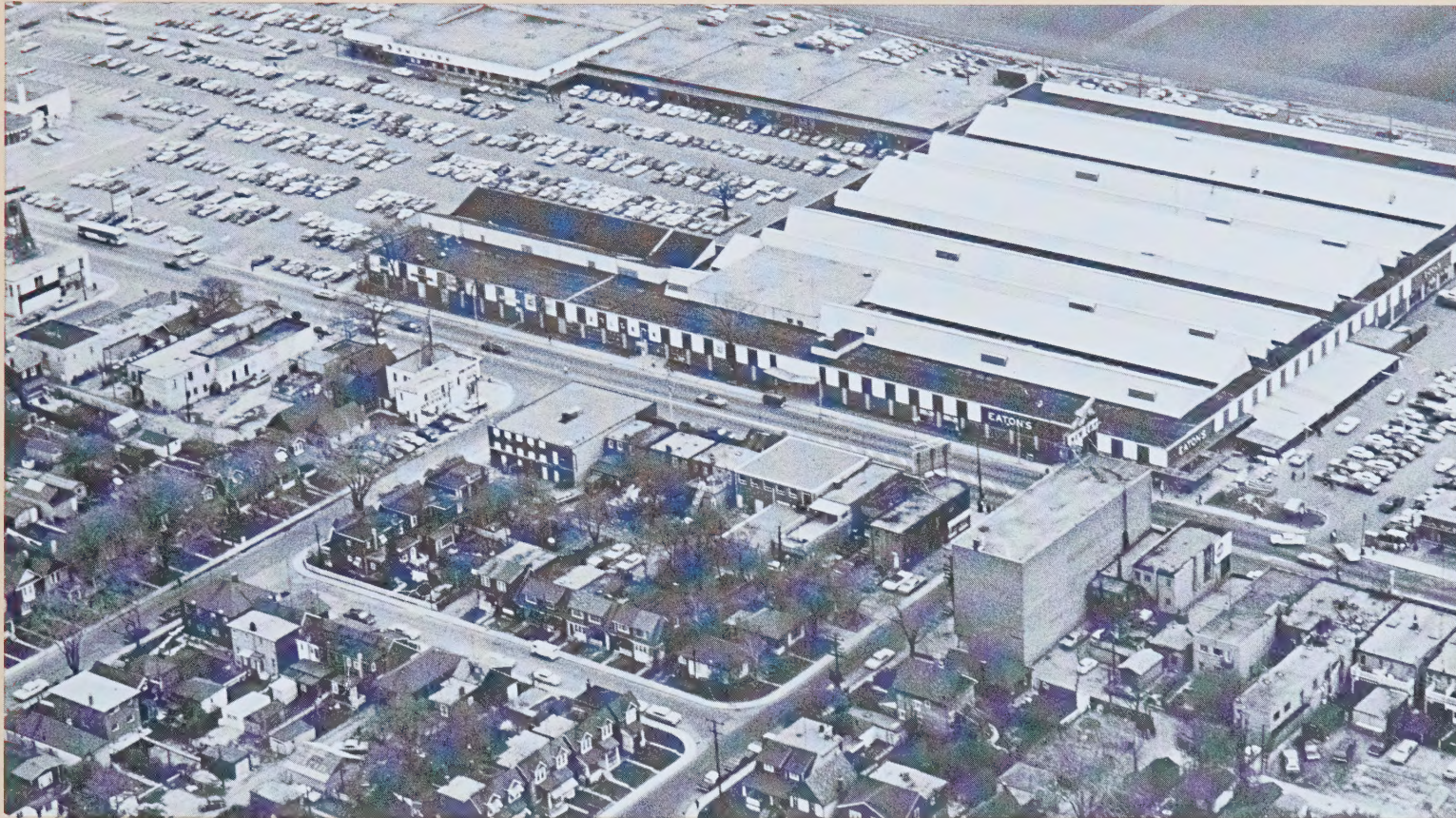


Rental revenue
\$ Thousands



Aerial view of Peel Village Square a Shoppers' World neighbourhood shopping centre housing Dominion Stores, one of Canada's largest Supermarket chains.

Shopping Centres



View of Shoppers' World Danforth at Victoria Park Ave. housing 60 stores including Eaton's, Canada's largest senior department store. Completed in 1962 this is one of Canada's most successful Shopping Centres and will be expanded by an additional 30 stores within the next 12 months.

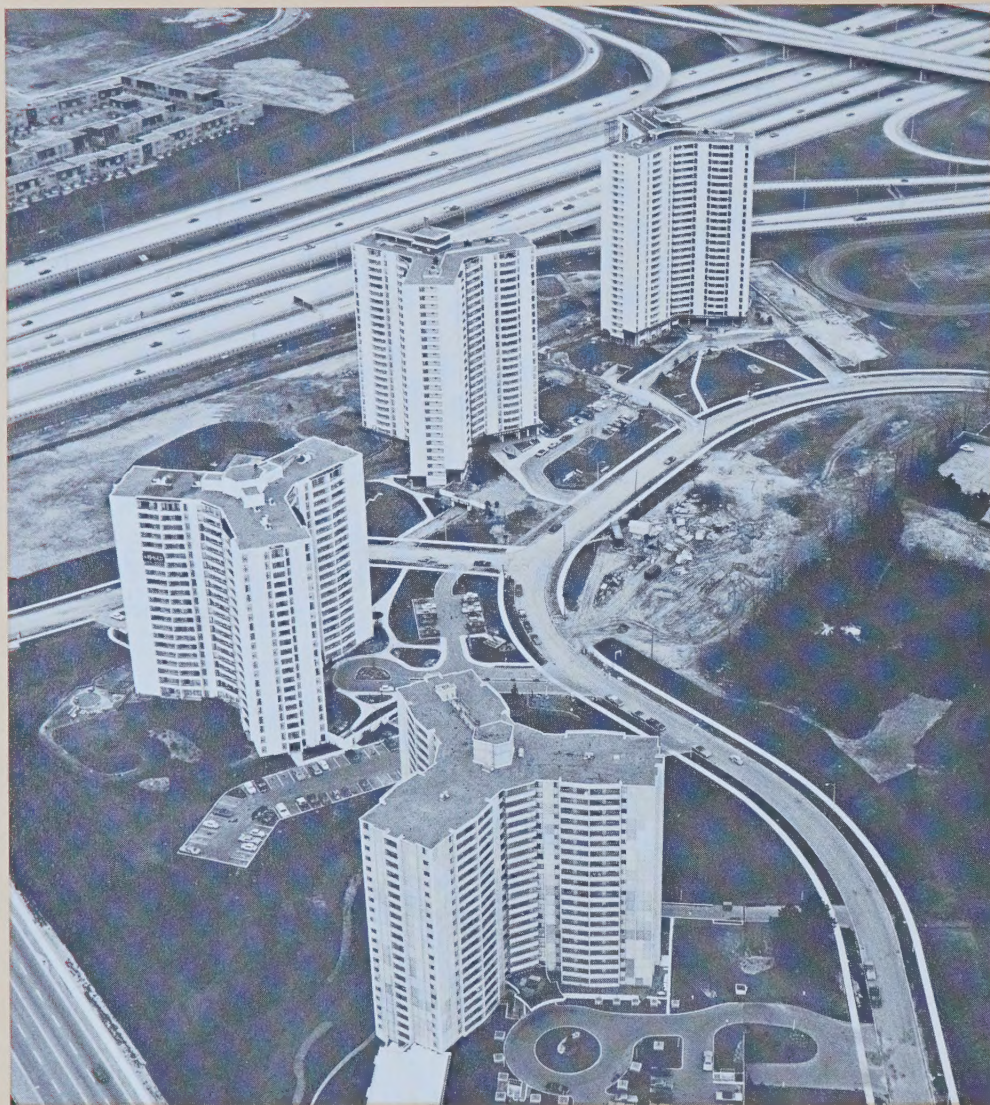
Sculpture in the Shoppers' World Brampton Mall. Surrounded by beautifully lighted fountains, it has become a meeting place of the happy families who have made the Peel-Village dream a successful reality.



Fast customer service is provided by modern check-out facilities in Eaton's department store Shoppers' World Danforth.

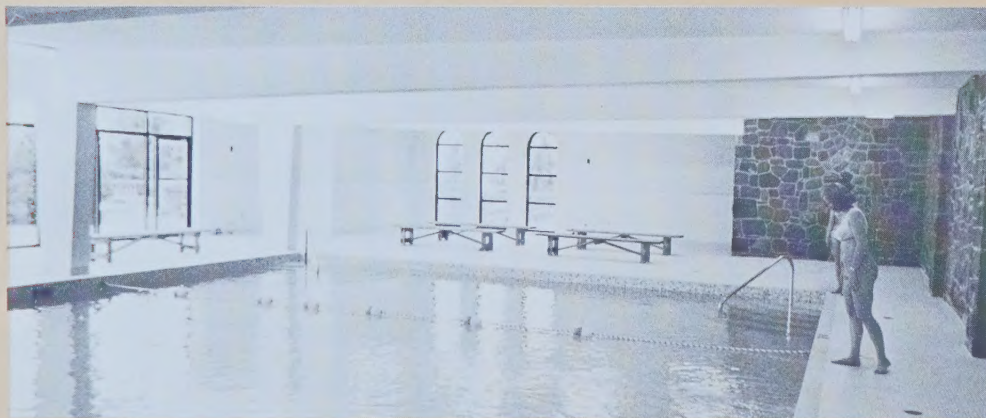


Rental Apartments



In keeping with a policy of steady growth in rental income, Peel-Elder has continued to construct rental apartments and has expanded into a property management division. All rental properties are under the direct management of Peel-Elder staff. The desirability of Peel-Elder rental units has been further enhanced by the addition of sophisticated and highly desirable recreational and health club facilities that greatly assist in keeping the rate of vacancy below average.

Aerial view of the Graydon Hall rental project located at the main junction of cross-town and down-town freeways for fast access to all parts of Metro Toronto. This project features the latest in recreational facilities including swimming pool, saunas, squash courts, and exercise rooms in a manor house surrounded by rolling green lawns. This project is jointly owned by Peel-Elder Limited and Canadian National Railway, trustee for Canadian National Railway Pension Fund.



Indoor Pool in the Graydon Hall recreational facilities.

Rental Apartments



Newest addition to the Graydon Hall complex of apartments now being rented.



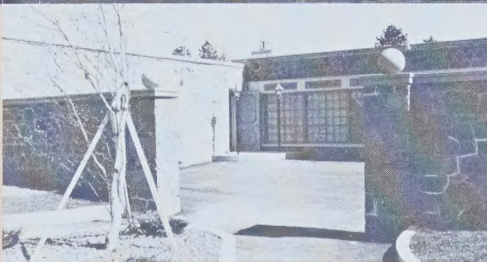
Aerial view of the Courtleigh, a strikingly modern building with its own recreational facilities.



Interiors of model suites in Graydon Hall.

Entrance to the Graydon Hall Manor Club.

View of one of the large apartments in Peel Village, Brampton.

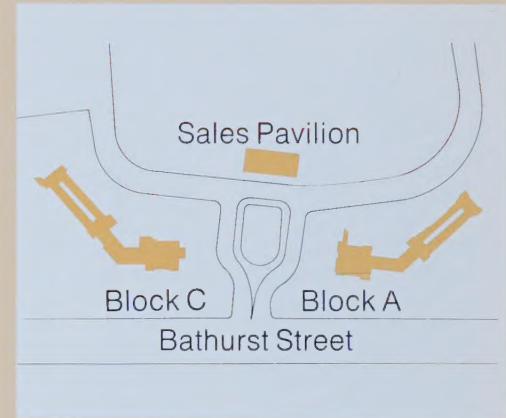


Forest Hills Condominium

17 buildings, 70 million dollars

Located on the site of the Forest Hills Golf Club in the heart of north central Metro Toronto, this project will be one of the largest luxury condominium apartment developments in North America. More than 2600 suites are now being built, ranging in size up to 2200 square feet. Construction has started on the first two towers of seventeen to be built and selling starts immediately from a

pecially constructed sales pavilion. This pavilion features exact duplicates of the suites to be built in the first two towers and are furnished as model apartments. Prospective buyers are able to see exactly what they are getting and sales can go forward well in advance of the time that model suites could possibly be ready in the finished buildings.

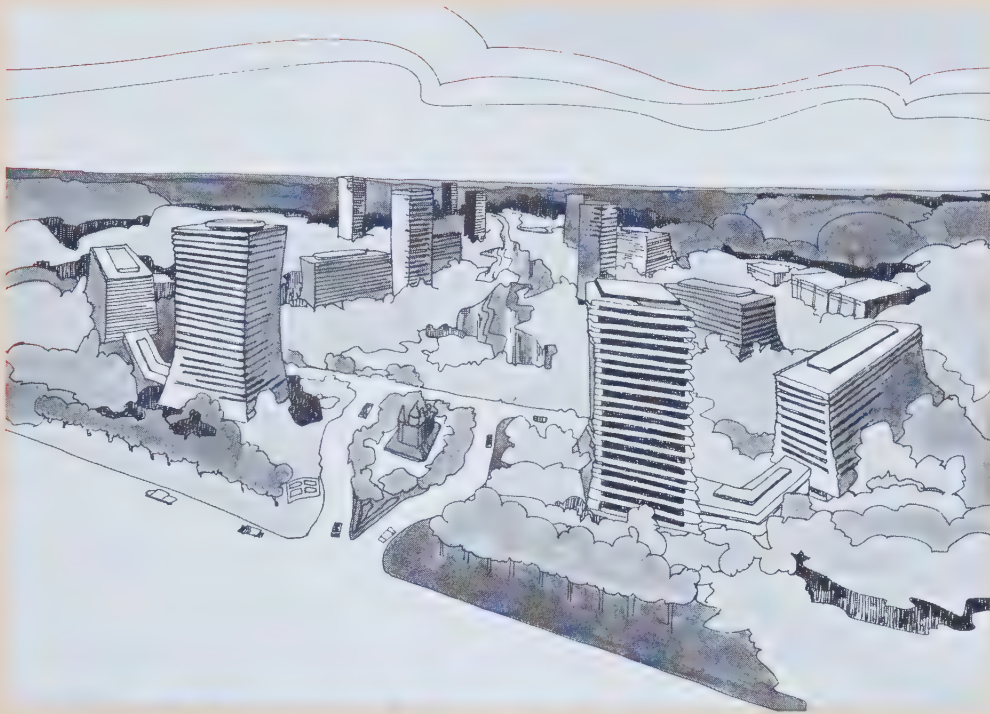


Site plan showing location of first two buildings.

Model of the first two towers.



Forest Hills Condominium

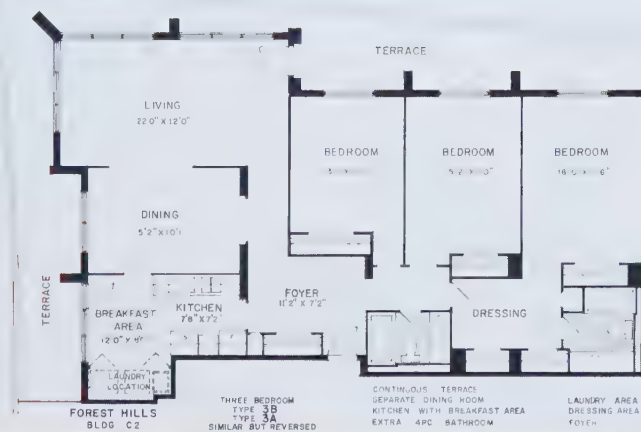


Artist's rendering of completed project.



Sales Pavilion under construction.

Construction in progress.



Floor plan of typical three-bedroom suite.

Peel Village, Brampton

A total community built in 10 years



A dream becomes a reality. Hailed as the Canadian model community, the Peel Village concept was lauded throughout the nation and for the first time TOTAL community planning became a reality. Peel Village is still growing and the company that built a city, dreams for the future.



One of the high rise apartments in the Peel Village project.

Giant American Motors plant built by Peel Village created employment for thousands.



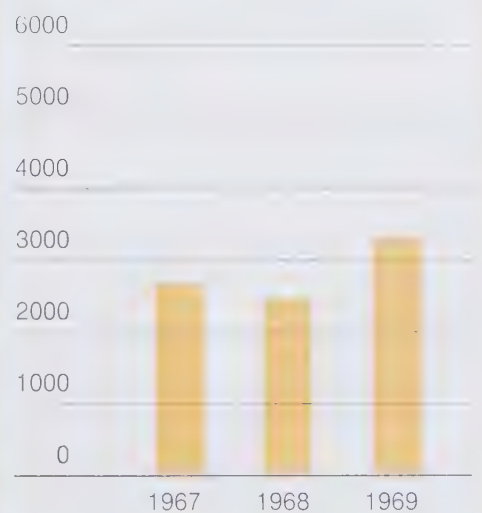
Condominium townhouses under construction. Peel Village is still growing.



Aerial view of apartments and American Motors plant in Peel Village.

Land and house sales

\$ Thousands



Peel Village Highlands, Preston

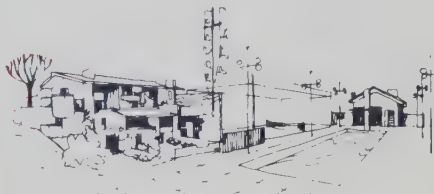
Our newest total community
in excess of 200 million dollars

A totally new concept in community planning

From years of experience, study and analysis comes a complete and totally new city of 35,000 people. A new idea in community planning is now taking shape on the pastures and highlands overlooking the scenic Grand River that could well become the model for future developments throughout Canada.

Recreation Centres, Parks, Walkways.

Peel Village Highlands will take advantage of the countryside's present natural beauty: the rolling meadows leading to the banks of the picturesque Grand River. The size and number of parks and play areas will not depend on the total area of the community but rather on the number of people who will use and enjoy them.



Schools, Churches, Community Centres.

These facilities will be closely grouped together so that each unit may benefit from the facilities of those beside it. The result: a totally practical and modern community campus, complete with meeting facilities and recreation areas all blended into one harmonious unit that can be surrounded by landscaped parkland and greenery.



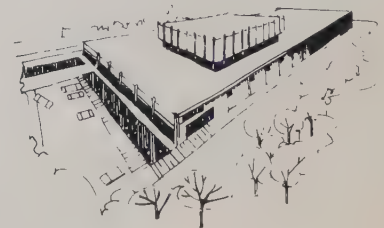
Shopping Facilities in exciting new forms.

A totally new approach to the "corner store" called Neighborhood Pavilions will be strategically located at Park walkways and will contain small service stores, barber, beauty shops, even the local doctor. The regional shopping centre will be a community focal point of shops of every description, entertainment and cultural activities as well as a meeting and fun-place for young and old.



Industrial Park with complete architectural control.

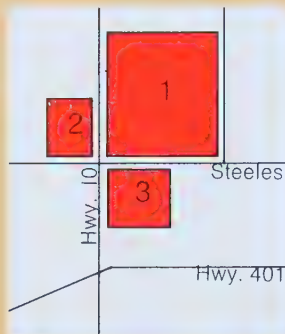
Within a 100 mile radius of 35% of Canada's consumer market, this industrial park will be served by major highways including the multi-laned 401 expressway from the mid-western U.S. and Detroit to Toronto, Montreal and Eastern Canada. Other routes provide a direct route to Canada's Golden Horseshoe and New York State.



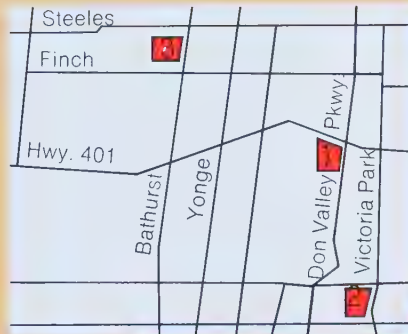
Total area exceeds 1,000 acres fronting on the south side of the Montreal-Detroit 401 Expressway. Projected population in excess of 35,000 to be housed in 12,000 family units.

Both high and low rise apartments, Town House and Garden Court homes. Unique Pavilions for local shopping and community activities, and a large regional shopping center.

Parks, play areas and public buildings on "campus-like" settings. Architecturally controlled industrial buildings set in park-like surroundings. Total expenditure over \$200 million.



1. Peel Village
2. Shoppers' World
3. Golf Course



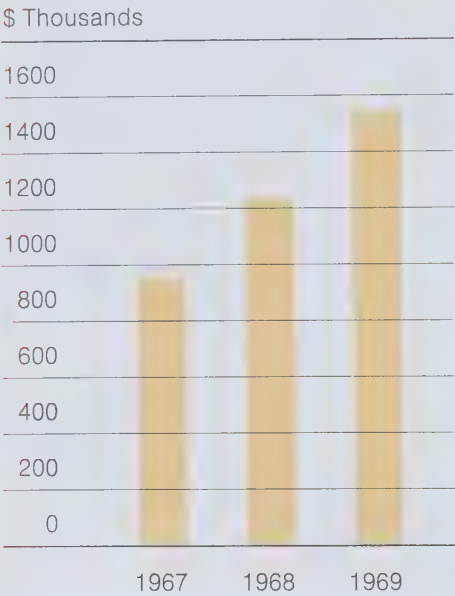
1. Graydon Hall
2. Shoppers' World, Danforth
3. Forest Hills



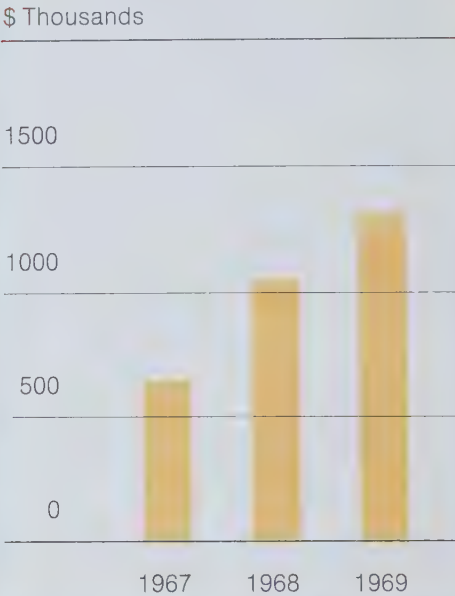
Peel-Elder Projects

Peel-Elder Limited

Cash Income provided by Operations

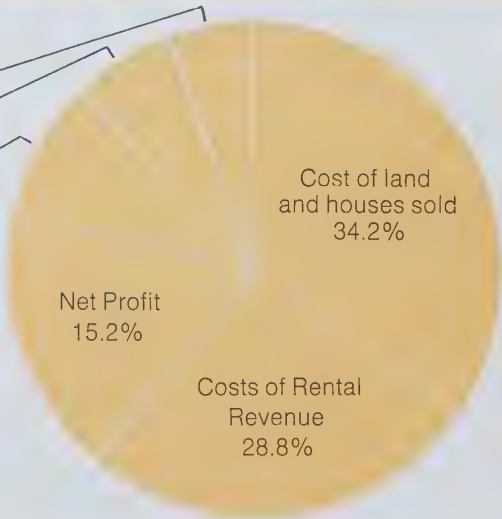


Net Profit before Deferred Corporation Income Taxes



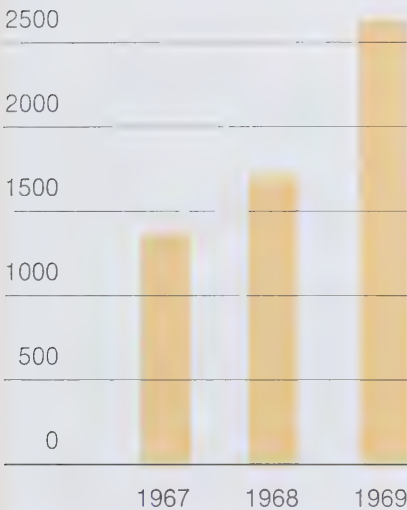
Distribution of Income Dollars

- General and Administration, Sales and Advertising Expenses 5.0%
- Deferred Corporation Income Taxes 6.5%
- Current Corporation Income Taxes 10.3%



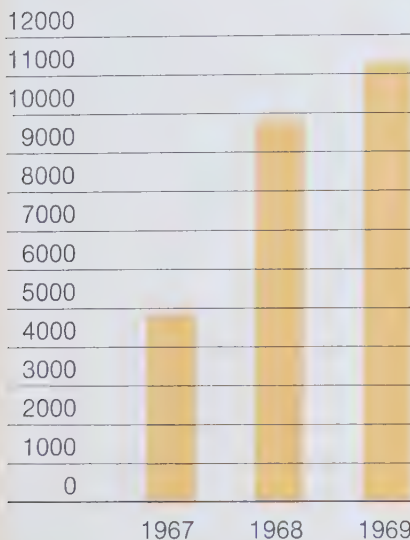
Retained Earnings

\$ Thousands



Shareholders' Equity

\$ Thousands



The Press announces new interest in East Coast prospects. Peel-Elder has a major controlling interest in mining rights on land in this immediate area.



The great East Coast offshore oil play in B...

Atlantic Provinces
report

The Financial Post

Fourth Section

May 2, 1970

Pages A-1 — A-12



Major oil companies excited about East coast prospects

The oil hunt off the coasts of Canada's four Atlantic provinces heats up this summer — as two more drilling rigs move in to join a third which has been in action since last September. More than 50 companies are in the play, leasing over 260 million acres in a wide swathe around Nova Scotia, Newfoundland, Labrador and into the Gulf of St. Lawrence.

The companies are excited about the oil-bearing possibilities of the thick sedimentary basin structure, which is known to exist over wide areas of the close proximity of the \$50,000 barrel-a-day Canadian market area of the Ottawa valley.

A shortage of offshore rigs will hinder wildcat drilling this summer, and industry experts say a considerable increase in drilling can be expected in 1971.

As the exploration action mounts, so does the political maneuvering between the provinces and Ottawa, which disagrees over jurisdictional rights to the sea.

At stake: the royalties and other government income which would follow any discoveries brought in by commercial production. An example of their value: the Alberta Government realized \$57 million from oil and gas royalties, rentals and lease sales in the first quarter 1970.

The impact of such a bonanza in Atlantic Canada especially as oil exports have estimated very large potential volume of reserves off the Canadian East Coast. Ottawa bases its case on the formula it successfully put before the Supreme Court during its jurisdictional dispute with British Columbia two years ago.

The court agreed the federal government had the right to legislate and regulate the use of all areas beyond the low water mark, except waters (fjords and inlets etc.) at the time of Confederation.

Since then, Ottawa has begun to plot mineral resources administration lines to overcome the uncertainties of tide marks. Jurisdiction for everything inside the line is being offered to the provinces whose shores they border.

Outside the line, Ottawa proposes to turn over half of any mineral resource revenues to a pool to be shared by all 10 provinces — according to how they decide. Revenues going into from the Arctic to the Gulf of Mexico.

Only Nova Scotia, New Brunswick, and Prince Edward Island have been offered the resource administration range between one and two miles from the shoreline. Fundy and the Northumberland Strait have been deemed coastal waters and as such subject only to provincial jurisdiction.

The Atlantic Provinces are obviously anxious not to be bound by the British Columbia case.

As Premier G. I. Smith of Nova Scotia puts it: "We have jurisdiction over the land under the water out to the edge of the continental shelf."

While we realize the decision of the Supreme Court was against B.C., we feel we have a substantially different and better basis for our claim — the development of the difference in jurisdictional claims in colonial days.

But, more particularly because for close to 100 years we have been going out collecting the seabed mining and granting licences without objection from anybody.

The other provinces, however, their points of view lined up, too. And together with Quebec, all are now expecting a new round of jurisdictional talks with Ottawa very soon.

As a preparatory step, drawn their own mineral resource administration areas among themselves without reference to Ottawa.

How the federal government's bargaining will go is anyone's guess. However it appears the provinces will be fairly anxious to keep out of another court case.

Premier Smith says: "We would prefer to settle by negotiation, rather than by court action — if a reasonable settlement can be obtained."

Degrees of "reasonableness" will vary from province to province. New Brunswick, for instance, has a very different geographical location than Nova Scotia and Newfoundland, who both have claims to vast areas of the Atlantic. And one of Prince Edward Island's most prominent areas — in the Northumberland Strait — is not being contested by Ottawa anyway.

Besides the federal-provincial jurisdictional dispute recently, this involves a U.S. claim to large areas of Georges Bank, south-west of Nova Scotia.

Legal experts in the Atlantic Provinces are urging Ottawa to come out with firm statements quickly, to answer the U.S. move. They positive that should be more approach to the Arctic region.

Question: Ottawa and Washington are set to begin discussions on the dispute soon.

The oil hunt got off to a drilling start in 1968 when Amoco Canada Petroleum Co. and Imperial Oil Ltd. jointly put down two holes on the Grand Banks. Results were not encouraging.

Mobil Oil Canada put a 15,000 foot hole down on Sable Island off Nova Scotia in 1967. Shows of oil and gas were evident, but the company has not yet released full details of the test.

Mobil announced this week that an agreement has been made with Texas Eastern Transmission Corp., Houston, for a joint exploration drilling program on some 12.1 million acres of offshore acreage.

including a large block in the Sable Island area. Start-up has not been decided.

Last September, Sedco Inc., a Dutch-owned semi-submersible rig began a one-year drilling contract for Shell Canada Ltd. Three south-west of Sable Island, and the rig has just begun a fourth 80 miles north-east of Sable.

The first two holes drilled to 13,000 feet, encountered some non-commercial gas zones. The third, to 7,230 feet, found minor traces of oil and gas.

This summer, Shell will start a second rig SEDCO 135-E, working an area close to the first. Built by Halifax Shipyard Ltd., for \$13 million, the rig is owned by Southwestern Offshore Drilling Ltd., Calgary, and contracted to Shell for two years.

Dutch-Shell group executive said he wouldn't be surprised if the group discovered an oil field in the Maritimes as good as the Shell Canada Ltd. later commented the company's early start program is in its first stages — and no results so far indicate more development would be worthwhile.

The third rig working in Atlantic Canada this year is WODECO-2, TWO a six-month contract to drill two holes for the Hudson's Bay Oil & Gas Co. partnership.

Next spring, Fina Oil Ltd. the Northumberland Strait, between P.E.I. and Nova Scotia. Planned depth for around 10,000 feet.

Shipsyard will launch a second rig for Southeastern Offshore Drilling, this one Amoco-Imperial on the Grand Banks.

Besides the drilling programs, this summer will see a good deal of seismic activity off the Atlantic coast. Shell, Mobil, Amoco-Imperial and

Industrial development



The same aggressive planning and sales promotion that brought American Motors, Benson and Hedges and Canadian Industries Limited, along with many others, to Peel Village is under way again. This time to develop and sell industrial land that was taken into the land inventory at 1959 prices, with all the appreciation of value since that time. Sale of industrial land is also being actively pursued in the Preston area as a part of the development of the Preston project.



Some of the industrial plants built by Peel Village which now employ thousands in the Brampton area.

Industrial development

The giant size American Motors plant brought to Brampton by Peel Village and built by Peel Village. A plant that now employs over 3,000 people, many of whom live in Peel Village homes.



Peel-Elder Limited and subsidiary companies

Consolidated Balance Sheet
as at 31 December 1969

ASSETS	1969	1968 (Restated)
CURRENT		
Bank term deposits	\$ 1,000,000	\$ 3,200,000
Cash	503,877	(376,429)
Accounts receivable	622,644	1,063,027
Mortgages receivable	94,300	32,500
Marketable securities, at cost	148,328	26,131
(Market value 1969 — \$142,490 1968 — \$ 28,570)		
Inventories at cost	1,452,125	1,741,559
Prepaid expenses and deposits	234,254	198,022
Prepaid corporation income taxes	207,500	67,500
	<hr/> 4,263,028	<hr/> 5,952,310
RENTAL PROPERTIES (Notes 2 and 4)		
At cost less accumulated depreciation of \$836,183		
Shopping Centres with no long-term mortgages	\$4,908,804	
Properties under construction	548,540	
Shopping Centre and apartment buildings with long-term mortgages	12,710,760	18,168,104
	<hr/> 18,168,104	<hr/> 14,823,723
REALTY HELD FOR FUTURE DEVELOPMENT, at cost	1,072,377	1,410,865
INVESTMENTS, at cost		
Other enterprises (Note 3)	1,149,451	
Mortgages receivable	1,206,184	
Cash surrender value of life insurance	20,945	2,376,580
	<hr/> 2,376,580	<hr/> 1,243,631
FIXED, at cost		
less accumulated depreciation of \$70,086	54,422	48,685
OTHER	2	2
	<hr/> \$25,934,513	<hr/> \$23,479,216

Approved on behalf of the Board:

 Director

 Director

LIABILITIES

CURRENT

	1969	1968 (Restated)
Accounts payable and accrued charges	\$ 1,886,361	\$ 1,004,384
Dividend payable	—	53,135
Corporation income taxes	615,923	131,772
Provision for land servicing and house construction	221,000	1,013,145
Tenants' deposits	106,103	86,798
Mortgage advances on house construction	313,009	104,937
Mortgages due within one year	826,215	168,450
	<u>3,968,611</u>	<u>2,562,621</u>

MORTGAGES PAYABLE (Note 5)	10,113,341	10,769,102
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CORPORATION INCOME TAXES DEFERRED (Note 2)	663,000	260,000
	<u>14,744,952</u>	<u>13,591,723</u>

SHAREHOLDERS' EQUITY

CAPITAL (Note 6)

Authorized		
2,000,000 shares, no par value		
Issued and fully paid		
1,100,207 shares	8,577,538	8,215,052

RETAINED EARNINGS (Note 2)	2,612,023	1,672,441
	<u>11,189,561</u>	<u>9,887,493</u>
	<u>\$25,934,513</u>	<u>\$23,479,216</u>

Contingent Liability (Note 8)

Peel-Elder Limited and subsidiary companies

Consolidated Statements of Operations and Retained Earnings
for the year ended 31 December 1969

Operations

	1969	1968 (Restated)
HOUSES AND LAND		
Sales	\$3,337,038	\$2,460,492
Costs	<u>2,110,431</u>	<u>1,579,555</u>
	\$1,226,607	\$ 880,937
RENTALS		
Revenue	2,582,034	1,881,310
Costs	<u>1,775,818</u>	<u>1,324,534</u>
	806,216	556,776
	2,032,823	1,437,713
GENERAL AND ADMINISTRATIVE EXPENSES	306,671	279,233
	<u>1,726,152</u>	<u>1,158,480</u>
OTHER INCOME		
Interest, discounts and sundry	<u>244,430</u>	<u>180,378</u>
PROFIT BEFORE PROVISION FOR CORPORATION INCOME TAXES	1,970,582	1,338,858
PROVISION FOR CURRENT CORPORATION INCOME TAXES	<u>628,000</u>	<u>292,354</u>
PROFIT FOR THE YEAR BEFORE PROVISION FOR DEFERRED CORPORATION INCOME TAXES	1,342,582	1,046,504
PROVISION FOR DEFERRED CORPORATION INCOME TAXES	<u>403,000</u>	<u>260,000</u>
NET PROFIT FOR THE YEAR	<u><u>\$ 939,582</u></u>	<u><u>\$ 786,504</u></u>

Retained Earnings

	1969	1968 (Restated)
Balance, 1 January		
As previously reported	\$1,937,254	\$1,166,312
Adjustments of prior years (Note 2)	(264,813)	(227,240)
As restated	<u>1,672,441</u>	<u>939,072</u>
NET PROFIT FOR THE YEAR	939,582	786,504
	<u>2,612,023</u>	<u>1,725,576</u>
DIVIDEND	<u>—</u>	<u>53,135</u>
Balance, 31 December	<u><u>\$2,612,023</u></u>	<u><u>\$1,672,441</u></u>

Peel-Elder Limited and subsidiary companies

Consolidated Statement of Source and Application of Funds
for the year ended 31 December 1969

	1969	1968 (Restated)
SOURCE OF FUNDS		
Operations:		
Net profit for the year	\$ 939,582	\$ 786,504
Non-cash charges —		
depreciation	222,269	186,346
provision for deferred corporation income taxes	403,000	260,000
	<u>\$1,564,851</u>	<u>\$1,232,850</u>
Issue of shares of Peel-Elder Limited	362,486	4,667,514
Proceeds of long-term mortgages	177,605	1,132,923
Reclassification of land held for future development	338,488	168,206
Reclassification of rental property since sold	135,196	—
Proceeds on disposal of fixed assets	19,433	5,981
	<u>2,598,059</u>	<u>7,207,474</u>
APPLICATION OF FUNDS		
Long term mortgage repayments	175,601	1,270,478
Adjustment in current mortgage payment requirements	657,765	(393,350)
Investment in Graydon Hall Estates Limited	216,750	100,000
Investment in joint mineral prospect	23,329	51,047
Investment in joint realty development	104,096	261,397
Acquisition of fixed assets and rental properties, including expenditures on projects under construction	3,727,016	2,613,963
Increase in cash surrender value of life insurance	3,433	5,498
Increase in long-term mortgages receivable	785,341	227,856
Dividend declared	—	53,135
Discharge of deferred corporation income taxes	—	132,000
	<u>5,693,331</u>	<u>4,322,024</u>
INCREASE (DECREASE) IN WORKING CAPITAL	<u>(\$3,095,272)</u>	<u>\$2,885,450</u>

Peel-Elder Limited and subsidiary companies

Notes to Consolidated Financial Statements
as at 31 December 1969

Note 1 PRINCIPLES OF CONSOLIDATION

The assets, liabilities and operating results of all the wholly-owned subsidiaries of the company and their wholly-owned subsidiaries have been included in the consolidated financial statements. Inter-company indebtedness, investments, operating transactions and unrealized profits have been eliminated. All companies have fiscal years ended 31 December.

The following companies are included in the consolidated financial statements:

PEEL-ELDER LIMITED
PEEL VILLAGE DEVELOPMENTS CO.
LIMITED
PEEL VILLAGE HOMES LIMITED
LAKESHORE TOWERS OF PEEL LIMITED
ELDER BUILDERS' SUPPLIES LIMITED

Note 2 CHANGES IN ACCOUNTING PRINCIPLES

As a result of the following changes in accounting principles, profit for the year 1969 has been reduced by \$160,952.

CORPORATION INCOME TAXES

In conformity with the recommendations of the Canadian Institute of Chartered Accountants the basis of computation of corporation income taxes has been changed to provide for taxes deferred as a result of claiming for tax purposes capital cost allowances greater than the amount of depreciation recorded in the accounts.

Provision has been made in the financial statements for the following deferred corporation income taxes:

1968	\$260,000
1969	403,000
	<u>\$663,000</u>

For the years prior to 1968, deferred corporation income taxes of \$824,000 have not been reflected in the financial statements. If there are no further acquisitions of rental properties, no payments relating to any deferred corporation taxes arising from depreciation differences will be required until 1984. Future acquisitions of rental properties would extend the period of deferment. Disposition of rental properties would shorten the period of deferment. Deferred corporation income taxes in the amount of \$76,000 on profits on house sales will become due as mortgages receivable are repaid.

DEPRECIATION

The company has adopted the sinking fund method of providing for depreciation on buildings included in rental properties. This method is based on an estimated useful life of 40 years and will write off the cost of the buildings in a series of equal annual instalments plus an interest factor of 5% compounded annually. Accumulated depreciation has been adjusted to the inception of each building. Consistent with prior years the following policy is followed with regard to depreciation on equipment:

Apartment equipment:	10% or 15% straight line according to classification
Other equipment:	20% or 30% reducing balance according to classification
Shopping Centre Fixtures:	4% straight line

SHARES OF SUBSIDIARY COMPANY

The excess of the purchase price of the shares of Peel Village Developments Co. Limited over the book value when purchased in 1959 was previously being amortized against dispositions of land by the company. The unamortized amount has been written off to retained earnings.

DEFERRED LEASING EXPENSES

The balance of the deferred leasing expenses which were incurred in 1962 in

leasing a shopping centre have been written off to retained earnings.

PREVIOUS YEAR'S FINANCIAL STATEMENTS

The 1968 comparative financial statements have been restated to give effect to the changes recited above. The effect on the consolidated retained earnings as at 1 January is:

ADJUSTMENTS OF PERIODS PRIOR TO 1 JANUARY 1968:

Write off of unamortized portion of the excess of the cost of shares of a subsidiary	\$661,180
Write off of deferred leasing expense	89,800
	<u>750,980</u>
Reduction of accumulated depreciation	523,740
	<u>227,240</u>

CHANGES ON RESTATEMENT OF 1968 EARNINGS:

Provision for deferred income taxes	\$260,000
Reduction of depreciation	\$162,527
Reversal of amortization of the excess of the cost of shares of a subsidiary	52,400
Reversal of amortization of deferred leasing expense	7,500
	<u>222,427</u>
	<u>37,573</u>
	<u>\$264,813</u>

Peel-Elder Limited and subsidiary companies

Notes to Consolidated Financial Statements
as at 31 December 1969

Note 3 INVESTMENTS – OTHER ENTERPRISES

A subsidiary owns 50% of the common shares of Graydon Hall Estates Limited. This company is constructing three apartment buildings containing 888 suites on its Graydon Hall Estates project, and has begun construction on its Forest Hills condominium project, located in North Central Toronto.

The company has a 51% interest in a mineral prospect in Nova Scotia and has options on an additional 24%.

A subsidiary has entered into an equal partnership with Canadian Goldale Corporation Limited for the development of land in Preston, Ontario, for commercial, industrial and residential purposes.

Note 4 RENTAL PROPERTIES – PREMISES UNDER CONSTRUCTION

A subsidiary is constructing an eighty-two suite apartment building and an addition to the company's regional shopping centre in Peel Village, Brampton, Ontario. Mortgage financing has been arranged for the apartment building. Estimated aggregate cost to complete construction of the buildings is \$1,100,000.

In accordance with the company's policy of making maximum effective use of available funds, it has not placed a mortgage on the regional shopping centre at Shoppers World, Peel Village, Brampton, Ontario.

Note 5 MORTGAGES PAYABLE

Mortgages are repayable in varying amounts to 1999 and bear various interest rates. At 31 December they are as follows:

	1969	1968
Mortgages		
on land	\$ 266,528	\$ 416,795
on rental properties	10,673,028	10,520,757
	<u>10,939,556</u>	<u>10,937,552</u>
Current portion	* 826,215	168,450
	<u>\$10,113,341</u>	<u>\$10,769,102</u>

*As at 31 March 1970 this amount has been reduced by \$676,465.

Principal amounts due on the mortgages in the next five years are as follows:

1970	\$ 826,215
1971	1,123,000
1972	168,000
1973	180,000
1974	194,000

Note 6 CAPITAL

Authorized:

During the year the company received Supplementary Letters Patent increasing the authorized capital of the company from 1,000,000 to 2,000,000 shares issuable for a maximum consideration of \$20,000,000.

Issued:

During the year the issued share capital was subdivided on the basis of three shares for two. A stock option granted 3 April 1968 was exercised. Issued share capital as at 31 December 1969 is:

Balance,		
1 January 1969	708,472 shares	\$8,215,052
Increase on share sub-division	354,236 "	
	<u>1,062,708 "</u>	
Issued for cash		
on exercise of stock option	37,499 "	362,486
	<u>1,100,207</u>	<u>\$8,577,538</u>

At 31 December 1969 Charles F. Watson had a non-transferable stock option to purchase for investment 37,500 shares at a price of \$9.666 per share exercisable on or before 3 April 1973

Note 7 SUPPLEMENTARY INFORMATION

The following amounts have been included in operating expenses:

Interest on long term	
Indebtedness	\$ 737,666
Provision for depreciation	222,269
Aggregate direct remuneration of directors and senior officers:	
Directors	\$61,000
Senior Employees (not officers or directors)	65,154
	<u>126,154</u>

Note 8 CONTINGENT LIABILITY

The company is guarantor of construction bank advances to Graydon Hall Estates Limited to a maximum of \$3,500,000. As security for these advances, Graydon Hall Estates Limited has assigned to its banker mortgage commitments obtained under the National Housing Act.

Note 9 EARNINGS PER SHARE

Computed on the average number of shares outstanding after giving effect to the subdivision of shares on the basis of three for two.

	1969	1968
Before Corporation		
Taxes	1.81	1.55
Before Deferred Corporation Income Taxes – (Note 2)	1.23	1.21
After Deferred Corporation Income Taxes	.86	.91
Average number of shares outstanding	1,087,708	865,833

Peel-Elder Limited and subsidiary companies

Auditors' report

DUNWOODY & COMPANY

Internationally

LASSER, HARMOOD BANNER & DUNWOODY

Chartered Accountants

Montreal
Toronto
Winnipeg
Calgary
Vancouver
Cornwall
Trenton
Oakville
Welland
Fort William-
Port Arthur
Dryden
Fort Frances
Kenora
Swan River

25 Adelaide Street West Toronto 105, Canada Telephone 362 2351 Cable: Dunwoody, Toronto

AUDITORS' REPORT

Internationally

United States
Great Britain
Australia
South Africa
Germany
France
Switzerland
Israel
Ire
Isle of Man
Bahama Islands
Mexico
Argentina
Uruguay
Ghana
Kenya
Nigeria

TO THE SHAREHOLDERS OF

PEEL-ELDER LIMITED.

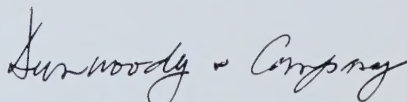
We have examined the consolidated balance sheet of Peel-Elder Limited and subsidiary companies as at 31 December 1969 and the consolidated statements of retained earnings, operations and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company and its subsidiaries as at 31 December 1969 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, with the exception of the changes in accounting principles referred to in Note 2 to the financial statements with which we concur.

Correspondents

Netherlands
Philippines
Taiwan

Toronto, Ontario
31 March 1970



CHARTERED ACCOUNTANTS.

Accounting and Administration

Donovan R. Lytle, C.A.

Comptroller

Tom Ylkos

Office Manager

K. P. Marx

Rental Properties

R. B. Shames

Shopping Centres

W. A. Gaudet

High Rise Construction

Land Development

C. Donald Brooks, P.Eng.

Assistant Vice-President

Graham Birch, P.Eng.

High Rise Construction

Melvin Kurtz

Assistant Vice-President

J. H. Guerts

Construction Manager

S. Allen

Construction Superintendent

D. J. Polito

Construction Superintendent

J. A. Bonser

Construction Superintendent

House Construction and Sales

Sidney Todd

H. Talpak

Superintendent

T. Sark

Assistant Superintendent

M. J. Martin

Sales

L. S. Mascarin

Sales

Architectural

Paul Ospalak, Dip.Arch. (Lond.),
A.R.I.B.A., M.R.A.I.C., M.R.S.H.

Joseph Barna

Chief Designer

Shopping Centres

Roy S. Clark

Director of Marketing

George Gourlay

Manager

R. C. Maxwell

Manager

Apartment Rental and Management

Harold M. Cohan

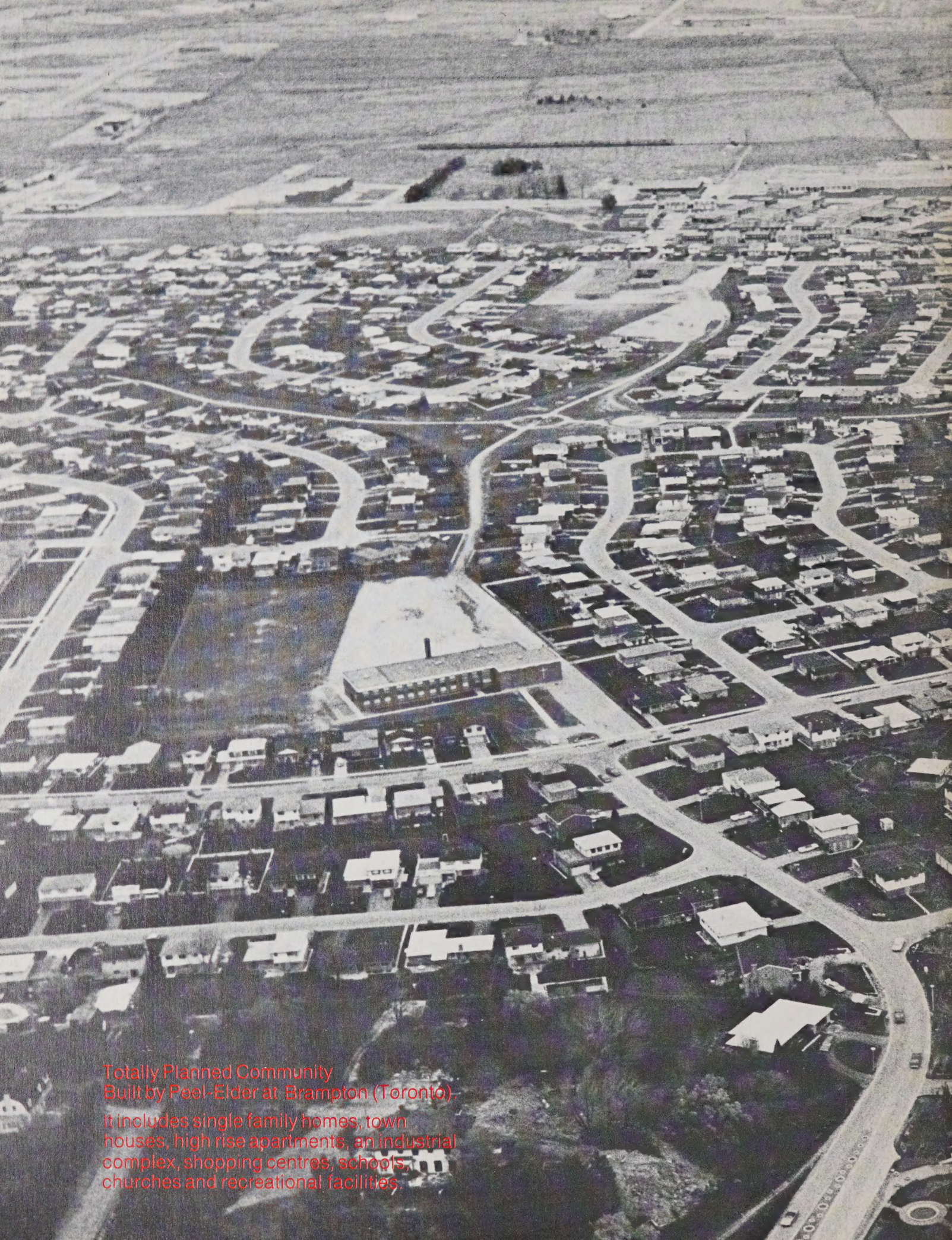
Property Manager

Alex Watson

Assistant Property Manager

Muriel Urquhart

Rentals



Totally Planned Community
Built by Peel-Elder at Brampton (Toronto).
It includes single family homes, town
houses, high rise apartments, an industrial
complex, shopping centres, schools,
churches and recreational facilities.